

Agenda Date: June 14, 2012
Item Number: A2

Docket: UT-120512
Company Name: T-Mobile West Corporation

Staff: Jing Liu, Regulatory Analyst
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Recommendation

Grant T-Mobile West Corporation's (T-Mobile or company) request for designation as an Eligible Telecommunications Carrier in all Mobility Fund Phase 1-eligible census blocks outside its existing ETC-designated area in Washington, conditioned upon the company winning support from the Mobility Fund Phase I auction for any such census blocks and subject to the reporting requirements described in this memo.

Background

On April 9, 2012, T-Mobile West Corporation filed a petition with the Washington Utilities and Transportation Commission (UTC or commission) requesting conditional designation as an Eligible Telecommunications Carrier (ETC) pursuant to 47 U.S.C. § 214(e)(2), 47 C.F.R. § 54.1003, and Washington Administrative Code (WAC) §§ 480-123-020 through 040 for the purpose of participating in the Mobility Fund Phase I auction. The company seeks ETC designation in all Mobility Fund Phase 1-eligible census blocks outside its existing ETC area in Washington conditioned upon T-Mobile winning support from the Federal Communications Commission's (FCC) Mobility Fund Phase I auction for any such census blocks.

On May 25, 2012, the company filed errata to reflect its impending name change from T-Mobile West Corporation to T-Mobile West LLC, effective June 25, 2012. The name change does not affect substance of the company's ETC petition.

T-Mobile West Corporation is a wholly-owned subsidiary of T-Mobile USA, Inc. d/b/a T-Mobile. The commission designated T-Mobile as an ETC eligible for both High Cost Support and Low Income Support in 2010.¹ In addition to Washington, T-Mobile's corporate affiliates have been designated as an ETC in eleven other states and Puerto Rico.

Discussion

As part of the reform and modernization of the high-cost component of the federal Universal Service Fund last year, the FCC established a Mobility Fund dedicated to the deployment of wireless voice and broadband services in currently unserved areas.² Phase I of the Mobility Fund

¹ UT-101060, Order 01 (October 14, 2010).

² Connect America Fund, WC Docket No. 10-90, A National Broadband Plan for Our Future, GN Docket No. 09-51, Establishing Just and Reasonable Rates for Local Exchange Carriers, WC Docket No. 07-135, High-Cost Universal Service Support, WC Docket No. 05-337, Developing an Unified Intercarrier Compensation Regime, CC

will provide via a reverse auction (Auction 901), \$300 million in one-time support to build infrastructure for 3G or better mobile voice and broadband services in census blocks where such services are unavailable. Winning bidders will be obligated to deploy 3G service within two years or 4G services within three years of the award of the support to a minimum of 75 percent of the road miles in each census tract.³ The auction requires applicants to submit a short-form application for initial eligibility screening and requires winning bidders to provide a long-form application after the auction is closed. The short-form application will open on June 27, 2012 and close on July 11, 2012.

With the exception of tribal wireless carriers, to be eligible to participate in the auction, a carrier must be designated as an ETC for all census blocks for which it intends to submit a bid at the time it submits the short-form application.⁴ Such an ETC designation may be conditioned upon the party winning support from the Mobility Fund in Auction 901.⁵ The FCC requires applicants to be designated as ETCs prior to a Mobility Fund Phase I auction is to “help ensure that the pool of bidders is serious about seeking support and meeting the obligations that receipt of support would entail.”⁶

This commission has the authority to designate ETCs under 47 U.S.C. § 214(e), 47 C.F.R. § 54.1003, and Washington Administrative Code (WAC) § 480-123. The FCC did not establish additional rules to govern the ETC designation process solely for the purpose of designating entities to receive Mobility Fund.⁷ Staff finds the company meets the requirements for ETC designation under 47 U.S.C. § 214(e)(1), 47 C.F.R. § 54.201(d) and WAC 480-123-030. The company commits to provide all of the supported services with its own facilities throughout its designated service area. It also commits to advertise the availability of and charges for its universal service offerings using media of general distribution, and will undertake outreach initiatives to increase consumer awareness of the company’s Lifeline service offering.

Staff also refers to the specific requirements in the FCC’s auction design in evaluating the company’s qualification for conditional ETC designation in this context. Staff has determined that T-Mobile is financially and technically competent to meet the requirements to participate in the Mobility Fund Phase I auction. The company’s financial statements and its operational performance in recent years demonstrate that it is financially sustainable. Staff recognizes that the company is capable of funding ongoing operation and maintenance expenses in the areas where it receives Mobility Fund Phase I support. The company is a facility-based wireless telecommunications carrier. It holds radio licenses to cover the entire state of Washington and necessary spectrum to satisfy the applicable performance standards required by the auction.

Docket No. 01-92, Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Lifeline and Link-Up, WC Docket No. 03-109, Universal Service Reform – Mobility Fund, WT Docket No. 10-208, *Report and Order and Further Notice of Proposed Rulemaking*, FCC 11-161, 26 FCC Rcd 17663 (2011). (“*USF/ICC Transformation Order*”).

³ For bidding purposes, census blocks will be aggregated into their associated census tracts except in Alaska, where bidding will be permitted on individual eligible census blocks.

⁴ *USF/ICC Transformation Order*, 26 FCC Rcd at 17798, para. 388-392.

⁵ *Id.*, 26 FCC Rcd at 17809, para. 439; 47 CFR. § 1003(a). *Also See Eligible Telecommunications Carrier Designation for Participation in Mobility Fund Phase I*, FCC Public Notice, DA 12-271 (rel., Feb 24, 2012), para. 3.

⁶ *USF/ICC Transformation Order*, 26 FCC Rcd at 17799, para. 392.

⁷ *Id.*, para. 390.

Staff supports the company's move to participate in the Mobility Fund auction. Based on the data released by the FCC, there are 15,343 census blocks, which correspond to 160 census tracts in 37 counties in Washington that will be eligible for Mobility Fund Phase I.⁸ The data also indicate that more than 57,000 people in 24,267 square miles in Washington currently do not receive 3G or better wireless services. Washington ranks respectively 9th and 10th among all states in terms of the largest population and largest area unserved by 3G or better mobile services. The Mobility Fund presents a great opportunity to extend advanced wireless services to some of the areas. According to the federal requirements, until five years after the award of the support, recipients of Mobility Fund Phase I support must offer service in supported areas at rates that are within a reasonable range of rates for similar service plans offered by mobile wireless providers in urban areas. The recipients must also offer stand-alone voice service to the public and allow for reasonable collocation and provide voice and data roaming on their networks built with the support. Designating T-Mobile as a conditional ETC will enhance competitive participation of the Mobility Fund auction and increase the chance those areas will benefit from advanced mobile services in the near future.

The company requests ETC designation in all Mobility Fund Phase 1-eligible census blocks outside its existing ETC-designated area in Washington in order to participate in the auction. Once the auction is over, the company shall notify the commission of its bidding results relevant to Washington State within 30 days after the award of the Mobility Fund Phase I auction. The notification should specify the names of census blocks and census tracts where it will receive Mobility Fund Phase I support as well as the names of associated incumbent local exchange carriers' wire centers.

The FCC requires a winning bidder to submit a long-form application for the areas for which it submitted winning bids within ten business days after release of the auction closing public notice. The long-form application will contain a number of disclosures and certifications. Among them, a winning bidder must provide project construction schedule/specifications that detail the project design, proposed technology, project budget and schedule. For five years after qualifying for support, recipients of Mobility Fund Phase I support are required to file annual reports to the FCC. The reports must include maps illustrating the scope of the areas reached by new services, the population residing in those areas, the linear road miles covered, all coverage test data for the supported areas, and any updated project information including updates to the project description, budget and schedule.⁹ Staff recommends the commission require the company to provide a copy of the project construction schedule/specifications in the long-form application and a copy of the Mobility Fund annual reports to this commission when it files with the FCC. These documents will keep the commission updated on the company's use of Mobility Fund Phase I support and the progress of advanced wireless extension in Washington.

Conclusion

Staff recommends the commission grant T-Mobile West LLC's request for designation as an Eligible Telecommunications Carrier in all Mobility Fund Phase 1-eligible census blocks outside its existing designated area in Washington, conditioned upon the company winning support from

⁸ See *Mobility Fund Phase I Auction Scheduled for September 27, 2012 Notice and Filing Requirements and Other Procedures for Auction 901*, FCC Public Notice, DA 12-641 (rel., May 2, 2012) (Attachment A).

⁹ *USF/ICC Transformation Order*, 26 FCC Rcd at 17817, para. 472.

the Mobility Fund Phase I auction for any such census blocks. Staff also recommends the following additional reporting requirements: (1) The company must notify the commission its bidding results from the auction relevant to Washington state within 30 days after the FCC releases the results of the winning bids; (2) If the company wins any bid, its notification should specify the names of census blocks and census tracts where it will be eligible to receive Mobility Fund Phase I support as well as the names of associated incumbent local exchange carriers' wire centers corresponding to the census blocks and census tracts; (3) The company must also provide a copy of the project construction schedule/specifications contained in the long-form application it submitted to the FCC within 10 days after the company submits it to the FCC; (4) The company must also provide a copy of the annual reports on Mobility Fund Phase I support it submits to the FCC, within 10 days after it submits such reports to the FCC; and (5) If the company fails to win any bid for Washington state, it does not need to comply with the reporting requirements in (2)-(4) above.